

Message Text

CONFIDENTIAL

PAGE 01 NEW DE 05631 161858 Z

70

ACTION EB-11

INFO OCT-01 NEA-10 ADP-00 SAJ-01 EUR-25 CAB-09 CIAE-00

COME-00 DODE-00 EB-11 INR-10 NSAE-00 RSC-01 FAA-00

PM-09 H-02 L-03 NSC-10 PA-03 PRS-01 SS-15 USIA-12

GAC-01 MBFR-03 OMB-01 TRSE-00 NIC-01 AID-20 XMB-07

MC-02 ACDA-19 RSR-01 /178 W
----- 081187

R 141725 Z MAY 73
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 4359
AMEMBASSY BEIRUT

C O N F I D E N T I A L NEW DELHI 5631

BEIRUT FOR RCAA

E. O. 11652: GDS
TAGS: BEXP, IN, UR

FOLLOWING TEL FROM BOMBAY DATED 12 MAY 73 REPEATED YOU:

R 111029 Z MAY 73
FM AMCONSUL BOMBAY
TO AMEMBASSY NEW DELHI 7756

C O N F I D E N T I A L BOMBAY 958

E. O. 11652 GDS
TAGS: BEXP, IN, HUR
SUBJ:(SOVIET PUSH FOR AIRCRAFT SALES IN INDIA

1. IN RESPONSE MY SUGGESTION, JEAN MANECKJI (SON OF KEKOO
MANECKJI WHO BOEING REP INDIA) AND SPENCER(A DIRECTOR
MANECKJI) CAME BY SEE ME TODAY. I HAD TRIED REACH KEKOO BUT
HE ABROAD CURRENTLY AND NOT EXPECTED TO RETURN BOMBAY FOR
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 NEW DE 05631 161858 Z

ONE TO TWO MONTHS. I NOTED KEKOO MANECKJI HAD INDICATED TO US ON SEVERAL OCCASIONS RECENT MONTHS THAT BOEING HOLDING INSIDE TRACK ON UPCOMING INDIAN AIRLINES AIRCRAFT PURCHASE PROPOSAL AND I WONDERED WHETHER MANECKJI HAD HAD ANY OCCASION MODIFY THIS ESTIMATE IN LIGHT RECENT SOVIET AVIAEXPORT TEAM EFFORTS AND CABRAL VISIT MOSCOW? (COMMENT: MANECKJI AND SPENCER FULLY AWARE AND WELL INFORMED ON SOVIET EFFORTS SELL MIX TU-154' S AND YAK 40' S). I ALSO INQUIRED STATUS BOEING PROPOSAL TO IA ON 737' S.

2. IN REVIEW MANECKJI SAID BOEING PROPOSAL TO IA THIS PAST MARCH ON 737' S HAD BEEN RENEWED AT IA REQUEST UNTIL END THIS MONTH AND EXPECTED IA WOULD REQUEST FURTHER EXTENSION WHICH BOEING WOULD GRANT. BOEING REPS WILL ARRIVE BOMBAY 20 TH AND WILL REMAIN HERE UNTIL 23 RD FOR TALKS WITH AIR INDIA IN REGARD SALE ADDITIONAL 747. WILL PROCEED DELHI EVE 23, GO KATHMANDU 24 TH AND RETURN DELHI 28 TH. TIMING LINKED RETURN CABRAL TEAM FROM MOSCOW 28 TH. EXPECT SPEND 4 DAYS DELHI FOR PURPOSE TALKS IA. MANECKJI ASSURED ME THEY WOULD WISH CONTACT EMBASSY DURING THAT TIME.

3. MANECKJI AND SPENCER CATEGORICAL IN ASSERTING THAT IF DECISION MADE FOR REASONS OF MERIT AND ECONOMICS, BOEING WILL BE CHOSEN. BECAUSE EXCELLENCE BOEING PERFORMANCE AND PHASEOUT OF VISCOUNTS, IA WILL SHOW PROFIT THIS YEAR FOR FIRST TIME IN THREE YEARS. THEY ACKNOWLEDGED POLITICAL CONSIDERATIONS COULD NOT AND SHOULD NOT BE DISCOUNTED OUT OF HAND AND THAT THERE MAY WELL BE THOSE ON GOI WHO WOULD LIKE GIVE SOVIETS " A PIECE OF THE ACTION" IF THEIR PROPOSAL COMPARATIVELY ATTRACTIVE. MANECKJI POINTED OUT YAK 40 EXCELLENT PLANE WHICH SOVIETS USING AS CARROT IN PACKAGE DEAL INVOLVING TU-154' S WHICH NOT WELL- SUITED INDIAN SITUATION. SOVIETS HE SAID NOT PREPARED DELINK YAK RIA HOWEVER FROM TU-154 AND PROVIDE ON SAME FAVORABLE TERMS AS PRESENLY ENVISAGED IN PACKAGE DEAL DESIGNED PALM OFF TU-154' S ON INDIANS AS WELL. ACKNOWLEDGED SOVIET TERMS HIGHLY FAVORABLE AND HE (MANECKJI) AND SPENCER OF OPINION THAT IF BOEING TERMS COMPARATIVELY ATTRACTIVE, NO QUESTION ON BASIS THEIR CURRENT INFORMATION THAT BOEING WILL GET CONTRACT. THEIR PRINCIPAL FEAR IS THAT IF BOEING FINANCING TERMS A LITTLE TOO STEEP BY COMPARISON WITH SOVIETS, GOI COULD LEAN ON THIS TO GIVE NOD TO RUSSIANS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 NEW DE 05631 161858 Z

4. ON TERMS, MANECKJI SAID BOEING' S MARCH PROPOSAL ENVISAGED EX- IM FINANCING OF 45 PERCENT (EX- IM), 45 PERCENT (COMMERCIAL) AND 10 PERCENT IA OR BOEING. WITH RESPECT BOEING' S WILLINGNESS PICK UP LATTER 10 PERCENT, HOWEVER, BOEING WISHES REPAYMENT IN 10 YEARS (RUSSIANS WANT 15 YEAR REPAYMENT ACCORDING MANECKJI) AND INTEREST RATE WOULD BE ABOVE PRIME

RATE. MANECKJI UNDERSTANDS IA NOT PREPARED ACCEPT BOEING' S
TERMS FOR 10 PERCENT PAYMENT SINCE TOO STEEP IN ITS VIEW.

5. MANECKJI AND SPENCER THEN ASKED IF I AWARE OF NEW EX- IM
FINANCING PROCEDURE INTRODUCED SOME THREE MONTHS AGO WITH
VIEW FACILITATION EXPORT AMERICAN PRODUCTS WHICH ENABLE FULL OR
100 PERCENT FINANCING BY EX- IM, ELIMINATION 10 PERCENT
PAYMENT BY BORROWER WITH OVERALL INTEREST RATE AT PRIME OR
ONE PERCENT BELOW. MANECKJI AND SPENCER ARE KEENLY INTEREST
IN VERIFYING ACCURACY THIS DEVELOPMENT WHICH GIVEN THEM
ORALLY BY MAN THEY UNDERSTOOD TO BE EX- IM REP WHO PASSED
THROUGH BOMBAY RECENTLY. (MAN APPEARS TO HAVE BEEN PAUL LANE
PRES LEASING CORP, WASHINGTON, D. C.) THEY APPRECIATE THAT
THEY MAY NOT HAVE UNDERSTOOD CORRECTLY OR THAT SOURCE OF
INFO MAY NOT HAVE BEEN ENTIRELY ACCURATE. (WE WONDER IF
EX- IM REP HAD REFERENCE LEASE RATHER THAN PURCHASE ARRANGE-
MENT?) IN ANY EVENT IF TRUE AND IF BOEING IN POSITION MODIFY
ITS CURRENT PROPOSAL BEFORE IA ACCORDINGLY THEY SATISFIED
BOEING WILL BE IN AS FAVORABLE POSITION ON FINANCING AS
RUSSIANS. IN FACT SPENCER SAID IF 10 PERCENT EX- IM
REQUIREMENT COULD ONLY BE REDUCED TO 4 PERCENT, THIS WOULD
MAKE BOEING COMPETITIVE WITH RUSSIANS. MANECKJI AND SPENCER
UNDERSTANDABLY ANXIOUS ALERT BOEING THIS POSSIBILITY IF
TRUE PRIOR TO TALKS BEGINNING DELHI 28 TH. I ASSURED THEM
I WOULD ENDEAVOR VERIFY AS SOON AS POSSIBLE.

6. COMMENT: APPRECIATE EMBASSY' S ASSISTANCE VERIFYING POINT
RAISED PARA 5 ABOVE AS WELL OBTAINING ANY RELATED INFO
WHICH I MIGHT CONVEY MANECKJI HERE. ASSUME STATE AND
COMMERCE MAY WISH BRING THIS TO ATTENTION BOEING IN
APPROPRIATE WAY IF SUCH AN EX- IM FINANCING PROCEDURE AVAILABLE
AND APPLICABLE TO PRESENT SITUATION.

BANE
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 NEW DE 05631 161858 Z

ERNST

CONFIDENTIAL
NMAFVVZCZ

*** Current Handling Restrictions *** n/a
*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: SINGLE
Draft Date: 14 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973NEWDE05631
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors:
Film Number: n/a
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730544/aaaajdyt.tel
Line Count: 158
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 18 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18-Dec-2001 by kelleyw0>; APPROVED <09-Jan-2002 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 980211
Subject: SOVIET PUSCH FOR AIRCRAFT SALES IN INDIA
TAGS: BEXP, IN, UR
To: BEIRUT
EB
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005